

AMENDED IN SENATE SEPTEMBER 1, 2015

AMENDED IN SENATE AUGUST 25, 2015

AMENDED IN SENATE JULY 14, 2015

CALIFORNIA LEGISLATURE—2015–16 FIRST EXTRAORDINARY SESSION

SENATE BILL

No. 1

Introduced by Senator Beall

June 22, 2015

An act to add Sections 14526.7, 14526.8, *14528*, *14528.1*, and 16321 to the Government Code, to amend Sections 7360 and 60050 ~~of, and to add Sections 7361.2, 7653.2, 60050.2, and 60201.4 to, of~~ the Revenue and Taxation Code, to add Section 2103.1 to, to add Article 8 (commencing with Section 228) to Chapter 1 of Division 1 of, and to add Chapter 2 (commencing with Section 2030) to Division 3 of, the Streets and Highways Code, and to add Sections 9250.3 and 9250.6 to the Vehicle Code, relating to transportation, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1, as amended, Beall. Transportation funding.

(1) Existing law provides various sources of funding for transportation purposes, including funding for the state highway system and the local street and road system. These funding sources include, among others, fuel excise taxes, commercial vehicle weight fees, local transactions and use taxes, and federal funds. Existing law imposes certain registration fees on vehicles, with revenues from these fees deposited in the Motor Vehicle Account and used to fund the Department of Motor Vehicles and the Department of the California Highway Patrol. Existing

law provides for the monthly transfer of excess balances in the Motor Vehicle Account to the State Highway Account.

This bill would create the Road Maintenance and Rehabilitation Program to address deferred maintenance on the state highway system and the local street and road system. ~~The bill would require the California Transportation Commission to adopt performance criteria to ensure efficient use of the funds available for the program.~~ *system and for other specified purposes.* The bill would provide for the deposit of various funds for the program in the Road Maintenance and Rehabilitation Account, which the bill would create in the State Transportation Fund, including revenues attributable to a \$0.12 per gallon increase in the motor vehicle fuel (gasoline) tax imposed by the bill and \$0.10 of a \$0.22 per gallon increase in the diesel fuel excise tax imposed by the bill, including an inflation adjustment, as provided, ~~a \$0.12 per gallon storage tax on motor vehicle fuel and \$0.10 of the \$0.22 per gallon storage tax on diesel fuel imposed by the bill,~~ an increase of \$35 in the annual vehicle registration fee, a new \$100 annual vehicle registration fee applicable to zero-emission motor vehicles, as defined, a new annual road access charge on each vehicle, as defined, of \$35, and repayment, over a 3-year period, of outstanding loans made in previous years from certain transportation funds to the General Fund.

The bill would continuously appropriate the funds in the account for road maintenance and rehabilitation purposes and would allocate 5% of available funds to counties that approve a transactions and use tax on or after July 1, 2015, with the remaining funds to be allocated 50% for maintenance of the state highway system or to the state highway operation and protection program, and 50% to cities and counties pursuant to a specified formula. The bill would impose various requirements on agencies receiving these funds. ~~funds and would require the California Transportation Commission to adopt performance criteria related to highway performance goals, greenhouse gas emissions, social equity impacts, and public health impacts, as specified. The bill would require the commission to annually evaluate the department and each city and county receiving these revenues to determine effectiveness in reducing deferred maintenance and improving roadway conditions, as well as in meeting the performance criteria. The bill would authorize the commission to withhold future allocations of funds or to reapportion funds to other agencies under certain conditions.~~ The bill would authorize a city or county to spend its apportionment of funds under the program on transportation priorities other than those allowable

pursuant to the program if the city's or county's average Pavement Condition Index meets or exceeds 85.

(2) The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B) created the Trade Corridors Improvement Fund and provided for allocation by the California Transportation Commission of \$2 billion in bond funds for infrastructure improvements on highway and rail corridors that have a high volume of freight movement, and specified categories of projects eligible to receive these funds. Existing law continues the Trade Corridors Improvement Fund in existence in order to receive revenues from sources other than the bond act for these purposes.

The bill would transfer revenues attributable to \$0.12 of the \$0.22 increase in the diesel fuel excise tax ~~and revenues attributable to \$0.12 of the \$0.22 per gallon storage tax on diesel fuel~~ to the Trade Corridors Improvement Fund for expenditure on eligible projects.

(3) Existing law, as of July 1, 2011, increases the sales and use tax on diesel and decreases the excise tax, as provided. Existing law requires the State Board of Equalization to annually modify both the gasoline and diesel excise tax rates on a going-forward basis so that the various changes in the taxes imposed on gasoline and diesel are revenue neutral.

This bill would eliminate the annual rate adjustment to maintain revenue neutrality for the gasoline and diesel excise tax rates. This bill would, ~~beginning January~~ *beginning July* 1, 2019, and every 3rd year thereafter, require the board to recompute the gasoline and diesel excise tax rates based upon the percentage change in the California Consumer Price Index transmitted to the board by the Department of Finance, as prescribed.

(4) Existing law requires the Department of Transportation to prepare a state highway operation and protection program every other year for the expenditure of transportation capital improvement funds for projects that are necessary to preserve and protect the state highway system, excluding projects that add new traffic lanes. The program is required to be based on an asset management plan, as specified. Existing law requires the department to specify, for each project in the program, the capital and support budget and projected delivery date for various components of the project. Existing law provides for the California Transportation Commission to review and adopt the program, and authorizes the commission to ~~decline~~ *to* adopt the program if it determines that the program is not sufficiently consistent with the asset management plan.

This bill, on and after February 1, 2017, would require the commission to make an allocation of all capital and support costs for each project in the program, and would require the department to submit a supplemental project allocation request to the commission for each project that experiences cost increases above the amounts in its allocation. The bill would require the commission to establish guidelines to provide exceptions to the requirement for a supplemental project allocation requirement that the commission determines are necessary to ensure that projects are not unnecessarily delayed.

(5) Existing law requires the Department of Transportation to prepare and submit to the Governor a proposed budget and to develop budgeting, accounting, fiscal control, and management information systems to provide budget oversight.

This bill, by April 1, 2016, would require the department to present to the California Transportation Commission a plan to increase department efficiency by up to 30% over the subsequent 3 years, with the ongoing savings to result in increased capital expenditures in the state highway operation and protection program or an increase in the state highway maintenance program.

(6) Existing law requires the Department of Transportation to prepare a State Highway Operation and Protection Program every other year for the expenditure of transportation capital improvement funds for projects that are necessary to preserve and protect the state highway system, excluding projects that add new traffic lanes. Existing law provides for the programming of transportation capital improvement funds for other objectives through the State Transportation Improvement Program administered by the California Transportation Commission, which includes projects recommended by regional transportation planning agencies through adoption of a regional transportation improvement program and projects recommended by the department through adoption of an interregional transportation improvement program, as specified.

This bill would require the department or any local agency, when undertaking any capital improvement project on a state highway or local street or highway funded through the State Highway Operation and Protection Program or the State Transportation Improvement Program, to include new bicycle and pedestrian safety, access, and mobility improvements, or improve existing facilities, as part of the project, consistent with the department's adopted Strategic Management Plan 2015–2020, subject to certain exceptions.

This bill would, to the maximum extent feasible, require all transportation projects funded through the State Highway Operation and Protection Program or the State Transportation Improvement Program to be implemented in a manner that reduces greenhouse gas emissions and positively benefits vulnerable or disadvantaged communities, as specified. The bill would require the commission to adopt performance criteria for these transportation projects relative to greenhouse gas emissions, social equity impacts, and public health impacts, and would require the lead agency for each project to report to the commission with documentation on those matters upon completion of the project. The bill would require the commission to evaluate the documentation to determine the effectiveness of each completed project in meeting the adopted performance criteria, and would authorize the commission to withhold future funding allocations from an applicant if it determines that previous use of funding by the applicant has not adequately furthered the state's climate, equity, and health goals in tandem with the state's highway and road system maintenance and preservation goals.

(6)

(7) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.

State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) Over the next 10 years, the state faces a \$59 billion shortfall
- 4 to adequately maintain the existing state highway system, in order
- 5 to keep it in a basic state of good repair.
- 6 (b) Similarly, cities and counties face a \$78 billion shortfall
- 7 over the next decade to adequately maintain the existing network
- 8 of local streets and roads.
- 9 (c) Statewide taxes and fees dedicated to the maintenance of
- 10 the system have not been increased in more than 20 years, with
- 11 those revenues losing more than 55 percent of their purchasing
- 12 power, while costs to maintain the system have steadily increased
- 13 and much of the underlying infrastructure has aged past its expected
- 14 useful life.

1 (d) California motorists are spending \$17 billion annually in
2 extra maintenance and car repair bills, which is more than \$700
3 per driver, due to the state's poorly maintained roads.

4 (e) Failing to act now to address this growing problem means
5 that more drastic measures will be required to maintain our system
6 in the future, essentially passing the burden on to future generations
7 instead of doing our job today.

8 (f) A funding program will help address a portion of the
9 maintenance backlog on the state's road system and will stop the
10 growth of the problem.

11 (g) Modestly increasing various fees can spread the cost of road
12 repairs broadly to all users and beneficiaries of the road network
13 without overburdening any one group.

14 (h) Improving the condition of the state's road system will have
15 a positive impact on the economy as it lowers the transportation
16 costs of doing business, reduces congestion impacts for employees,
17 and protects property values in the state.

18 (i) The federal government estimates that increased spending
19 on infrastructure creates more than 13,000 jobs per \$1 billion spent.

20 (j) Well-maintained roads benefit all users, not just drivers, as
21 roads are used for all modes of transport, whether motor vehicles,
22 transit, bicycles, or pedestrians.

23 (k) Well-maintained roads additionally provide significant health
24 benefits and prevent injuries and death due to crashes caused by
25 poorly maintained infrastructure.

26 SEC. 2. Section 14526.7 is added to the Government Code, to
27 read:

28 14526.7. (a) On and after February 1, 2017, an allocation by
29 the commission of all capital and support costs for each project in
30 the state highway operation and protection program shall be
31 required.

32 (b) For a project that experiences increases in capital or support
33 costs above the amounts in the commission's allocation pursuant
34 to subdivision (a), a supplemental project allocation request shall
35 be submitted by the department to the commission for approval.

36 (c) The commission shall establish guidelines to provide
37 exceptions to the requirement of subdivision (b) that the
38 commission determines are necessary to ensure that projects are
39 not unnecessarily delayed.

SEC. 3. Section 14526.8 is added to the Government Code, to read:

14526.8. (a) On or before April 1, 2016, the department shall present to the commission a plan to increase department efficiency by up to 30 percent over the subsequent three years. The ongoing savings experienced through this increased efficiency shall result in increased capital expenditures in the department's state highway operation and protection program or an increase in the department's state highway maintenance program.

(b) The commission shall consider the reasonableness of the proposal, and may approve the entire plan or reject all or portions of the plan. The commission's feedback is intended to ensure that the department is achieving the savings in the most responsible way possible.

(c) All future state highway operation and protection program documents shall identify the increased funding available to the program as a result of the efficiencies realized due to the implementation of the plan.

SEC. 4. Section 14528 is added to the Government Code, to read:

14528. (a) *Except as provided in subdivisions (b) and (c), the department or any local agency, when undertaking any capital improvement project on a state highway or a local street or highway that is being funded through the State Highway Operation and Protection Program or the State Transportation Improvement Program, shall include new bicycle and pedestrian safety, access, and mobility improvements, or improve existing facilities, as part of the project, consistent with the department's adopted Strategic Management Plan 2015–2020, as follows:*

(1) *In transit priority areas and on streets and highways with average daily traffic of 20,000 vehicles or more and a speed limit over 25 miles per hour, well-lit facilities for bicyclists and pedestrians shall be provided that are physically separated from motor vehicles, either as Class I multiuse paths or Class IV bikeways with separate walkways. In addition, signals or other facilities shall be provided to enable bicyclists and pedestrians to safely cross the street or highway.*

(2) *On streets or highways other than those described in paragraph (1), facilities for pedestrians and bicyclists shall be provided when feasible, and reduction of vehicle traffic lanes and*

1 *implementation of traffic calming improvements shall be*
2 *considered.*

3 *(b) This section does not apply to capital improvement projects*
4 *on street and highway facilities that are closed, by law, to use by*
5 *pedestrians, bicyclists, and other nonmotorized users.*

6 *(c) The department or a local agency may exempt a capital*
7 *improvement project from the requirements of this section through*
8 *adoption of a resolution, after at least one public hearing, that*
9 *documents that there is a demonstrated and verifiable absence of*
10 *future need for active transportation facilities on the highway*
11 *segment where the capital improvement project is to be*
12 *implemented.*

13 *(d) (1) As used in this section, “capital improvement project”*
14 *includes, but is not limited to, a reconstruction, rehabilitation, or*
15 *operational improvement project.*

16 *(2) As used in this section, “transit priority area” means an*
17 *area within one-half mile of an existing major transit stop, or a*
18 *planned transit stop, if the planned stop is scheduled to be*
19 *completed within the planning horizon included in the interregional*
20 *transportation improvement program submitted pursuant to Section*
21 *14526 or a regional transportation improvement program adopted*
22 *submitted to Section 14527.*

23 *SEC. 5. Section 14528.1 is added to the Government Code, to*
24 *read:*

25 *14528.1. (a) To the maximum extent feasible, all transportation*
26 *projects funded through the State Highway Operation and*
27 *Protection Program or the State Transportation Improvement*
28 *Program shall be implemented in a manner that reduces*
29 *greenhouse gas emissions and positively benefits vulnerable or*
30 *disadvantaged communities pursuant to Assembly Bill 32 (Chapter*
31 *488, Statutes of 2006), Senate Bill 375 (Chapter 728, Statutes of*
32 *2008), and Senate Bill 535 (Chapter 830, Statutes of 2012).*

33 *(b) The commission shall adopt performance criteria for the*
34 *transportation projects in subdivision (a) relative to greenhouse*
35 *gas emissions, social equity impacts, and public health impacts.*
36 *The lead agency on each transportation project shall report to the*
37 *commission with documentation on each of the following upon*
38 *completion of the project:*

39 *(1) A description of and the location of the project.*

40 *(2) The amount of funds expended on the project.*

1 (3) *The completion date.*

2 (4) *The project's estimated useful life.*

3 (5) *The projected greenhouse gas emissions resulting from the*
4 *project, including an analysis of induced demand and biological*
5 *emissions.*

6 (6) *A description of mobility benefits provided as a result of the*
7 *project to transit, bicycling, and pedestrians.*

8 (7) *An analysis of how mobility benefits of the project are*
9 *accessible to low-income and disadvantaged community residents*
10 *within the project area.*

11 (8) *A description and, if feasible, a quantification of the public*
12 *health and safety, economic, and environmental cobenefits*
13 *resulting from the project. To the extent the performance criteria*
14 *for each cobenefit category have not been met, documentation*
15 *shall be provided that identifies any statutory or regulatory*
16 *barriers, or alternatively, a demonstrated absence of need.*

17 (9) *Levels of particulate matter (PM 2.5), oxides of nitrogen*
18 *(NOx), and sulphur oxides (SOx) prior to completion of the project,*
19 *and projected levels upon completion of the project.*

20 (10) *An analysis of air pollution burden on low-income and*
21 *disadvantaged community residents within the project area.*

22 (11) *Impacts of the project on important habitat, water*
23 *resources, and agricultural lands.*

24 (c) *The commission shall evaluate the documentation provided*
25 *pursuant to subdivision (b) to determine the effectiveness of each*
26 *completed project on all of the following:*

27 (1) *Reduction of deferred maintenance and improvement of*
28 *roadway conditions on the state highway system or local road*
29 *system.*

30 (2) *Reduction of greenhouse gas emissions.*

31 (3) *Improvement of public health and air quality.*

32 (4) *Improvement of access and mobility for low-income and*
33 *disadvantaged community residents.*

34 (5) *Enhancement of wildlife connectivity.*

35 (6) *Preservation of natural and working lands.*

36 (d) *The commission may withhold future funding allocations*
37 *from an applicant if it determines that previous use of funding by*
38 *the applicant has not adequately furthered the state's climate,*
39 *equity, and health goals in tandem with the state's highway and*
40 *road system maintenance and preservation goals.*

~~SEC. 4.~~

SEC. 6. Section 16321 is added to the Government Code, to read:

16321. (a) Notwithstanding any other law, on or before March 1, 2016, the Department of Finance shall compute the amount of outstanding loans made from the State Highway Account, the Motor Vehicle Fuel Account, the Highway Users Tax Account, and the Motor Vehicle Account to the General Fund. The department shall prepare a loan repayment schedule, pursuant to which the outstanding loans shall be repaid to the accounts from which the loans were made, as follows:

(1) On or before June 30, 2016, 33 percent of the outstanding loan amounts.

(2) On or before June 30, 2017, 33 percent of the outstanding loan amounts.

(3) On or before June 30, 2018, 34 percent of the outstanding loan amounts.

(b) Notwithstanding any other provision of law, as the loans are repaid pursuant to this section, the repaid funds shall be transferred to the Road Maintenance and Rehabilitation Account created pursuant to Section 2031 of the Streets and Highways Code.

(c) Funds for loan repayments pursuant to this section shall be appropriated from the Budget Stabilization Account pursuant to subclause (II) of clause (ii) of subparagraph (B) of paragraph (1) of subdivision (c) of Section 20 of Article XVI of the California Constitution.

~~SEC. 5.~~

SEC. 7. Section 7360 of the Revenue and Taxation Code is amended to read:

7360. (a) (1) (A) A tax of eighteen cents (\$0.18) is hereby imposed upon each gallon of fuel subject to the tax in Sections 7362, 7363, and 7364.

(B) In addition to the tax imposed pursuant to subparagraph (A), on and after the ~~61st~~ *first day of the first calendar quarter that occurs 90 days* after the effective date of the act adding this subparagraph, a tax of twelve cents (\$0.12) is hereby imposed upon each gallon of ~~fuel~~ *fuel, other than aviation gasoline*, subject to the tax in Sections 7362, 7363, and 7364.

(2) If the federal fuel tax is reduced below the rate of nine cents (\$0.09) per gallon and federal financial allocations to this state for

highway and exclusive public mass transit guideway purposes are reduced or eliminated correspondingly, the tax rate imposed by subparagraph (A) of paragraph (1), on and after the date of the reduction, shall be recalculated by an amount so that the combined state rate under subparagraph (A) of paragraph (1) and the federal tax rate per gallon equal twenty-seven cents (\$0.27).

(3) If any person or entity is exempt or partially exempt from the federal fuel tax at the time of a reduction, the person or entity shall continue to be so exempt under this section.

(b) On and after July 1, 2010, in addition to the tax imposed by subdivision (a), a tax is hereby imposed upon each gallon of motor vehicle fuel, other than aviation gasoline, subject to the tax in Sections 7362, 7363, and 7364 in an amount equal to seventeen and three-tenths cents (\$0.173) per gallon.

(c) Beginning ~~January~~ July 1, 2019, and every third year thereafter, the State Board of Equalization shall recompute the rates of the taxes imposed by this section. That computation shall be made as follows:

(1) The Department of Finance shall transmit to the State Board of Equalization the percentage change in the California Consumer Price Index for all items from ~~June November of three~~ four calendar years prior to ~~June November of the current~~ prior calendar year, no later than ~~August 1, 2018, January 31, 2019, and August 1~~ January 31 of every third year thereafter.

(2) The State Board of Equalization shall do ~~both~~ all of the following:

(A) Compute an inflation adjustment factor by adding 100 percent to the percentage change figure that is furnished pursuant to paragraph (1) and dividing the result by 100.

(B) Multiply the preceding tax rate per gallon by the inflation adjustment factor determined in subparagraph (A) and round off the resulting ~~products~~ product to the nearest tenth of a cent.

(C) *Make its determination of the new rate no later than March 1 of the same year as the effective date of the new rate.*

~~SEC. 6. Section 7361.2 is added to the Revenue and Taxation Code, to read:~~

~~7361.2. (a) For the privilege of storing, for the purpose of sale, each supplier, wholesaler, and retailer owning 1,000 or more gallons of tax-paid motor vehicle fuel on the 61st day after the effective date of the act adding this section shall pay a storage tax~~

1 of twelve cents (\$0.12) per gallon of tax-paid motor vehicle fuel
2 in storage according to the volumetric measure thereof.

3 (b) For purposes of this section:

4 (1) “Owning” means having title to the motor vehicle fuel.

5 (2) “Retailer” means any person who sells motor vehicle fuel
6 in this state to a person who subsequently uses the motor vehicle
7 fuel.

8 (3) “Storing” includes the ownership or possession of tax-paid
9 motor vehicle fuel outside of the bulk transfer/terminal system,
10 including the holding of tax-paid motor vehicle fuel for sale at
11 wholesale or retail locations stored in a container of any kind,
12 including railroad tank cars and trucks or trailer cargo tanks.
13 “Storing” also includes tax-paid motor vehicle fuel purchased from
14 and invoiced by the seller, and tax-paid motor vehicle fuel removed
15 from a terminal or entered into by a supplier, prior to the date
16 specified in subdivision (a) and in transit on that date.

17 (4) “Wholesaler” means any person who sells motor vehicle
18 fuel in this state for resale to a retailer or to a person who is not a
19 retailer and subsequently uses the motor vehicle fuel.

20 SEC. 7. Section 7653.2 is added to the Revenue and Taxation
21 Code, to read:

22 7653.2. On or before the 121st day after the effective date of
23 the act adding this section, each person subject to the storage tax
24 imposed under Section 7361.2 shall prepare and file with the board,
25 in a form prescribed by the board, a return showing the total
26 number of gallons of tax-paid motor vehicle fuel owned by the
27 person on the 61st day after the effective date of the act adding
28 this section, the amount of the storage tax, and any other
29 information that the board deems necessary for the proper
30 administration of this part. The return shall be accompanied by a
31 remittance payable to the Controller in the amount of tax due.

32 SEC. 8. Section 60050 of the Revenue and Taxation Code is
33 amended to read:

34 60050. (a) (1) A tax of thirteen cents (\$0.13) is hereby
35 imposed upon each gallon of diesel fuel subject to the tax in
36 Sections 60051, 60052, and 60058.

37 (2) If the federal fuel tax is reduced below the rate of fifteen
38 cents (\$0.15) per gallon and federal financial allocations to this
39 state for highway and exclusive public mass transit guideway
40 purposes are reduced or eliminated correspondingly, the tax rate

1 imposed by paragraph (1) shall be increased by an amount so that
2 the combined state rate under paragraph (1) and the federal tax
3 rate per gallon equal what it would have been in the absence of
4 the federal reduction.

5 (3) If any person or entity is exempt or partially exempt from
6 the federal fuel tax at the time of a reduction, the person or entity
7 shall continue to be exempt under this section.

8 (b) In addition to the tax imposed pursuant to subdivision (a),
9 on and after the ~~61st first day of the first calendar quarter that~~
10 *occurs 90 days* after the effective date of the act adding this
11 subdivision, an additional tax of twenty-two cents (\$0.22) is hereby
12 imposed upon each gallon of diesel fuel subject to the tax in
13 Sections 60051, 60052, and 60058.

14 (c) Beginning ~~January~~ *July* 1, 2019, and every third year
15 thereafter, the State Board of Equalization shall recompute the
16 rates of the taxes imposed by this section. That computation shall
17 be made as follows:

18 (1) The Department of Finance shall transmit to the State Board
19 of Equalization the percentage change in the California Consumer
20 Price Index for all items from ~~June November of three~~ *four* calendar
21 years prior to ~~June November of the current~~ *prior* calendar year,
22 no later than ~~August 1, 2018, January 31, 2019, and August 1~~
23 *January 31* of every third year thereafter.

24 (2) The State Board of Equalization shall do ~~both~~ *all* of the
25 following:

26 (A) Compute an inflation adjustment factor by adding 100
27 percent to the percentage change figure that is furnished pursuant
28 to paragraph (1) and dividing the result by 100.

29 (B) Multiply the preceding tax rate per gallon by the inflation
30 adjustment factor determined in subparagraph (A) and round off
31 the resulting ~~products~~ *product* to the nearest tenth of a cent.

32 (C) *Make its determination of the new rate no later than March*
33 *1 of the same year as the effective date of the new rate.*

34 ~~SEC. 9. Section 60050.2 is added to the Revenue and Taxation~~
35 ~~Code, to read:~~

36 ~~60050.2. (a) For the privilege of storing, for the purpose of~~
37 ~~sale, each supplier, wholesaler, and retailer owning 1,000 or more~~
38 ~~gallons of tax-paid diesel fuel on the 61st day after the effective~~
39 ~~date of the act adding this section shall pay a storage tax of~~

1 ~~twenty-two cents (\$0.22) per gallon of tax-paid diesel fuel in~~
2 ~~storage according to the volumetric measure thereof.~~

3 ~~(b) For purposes of this section:~~

4 ~~(1) “Owning” means having title to the diesel fuel.~~

5 ~~(2) “Retailer” means any person who sells diesel fuel in this~~
6 ~~state to a person who subsequently uses the diesel fuel.~~

7 ~~(3) “Storing” includes the ownership or possession of tax-paid~~
8 ~~diesel fuel outside of the bulk transfer/terminal system, including~~
9 ~~the holding of tax-paid diesel fuel for sale at wholesale or retail~~
10 ~~locations stored in a container of any kind, including railroad tank~~
11 ~~cars and trucks or trailer cargo tanks. “Storing” also includes~~
12 ~~tax-paid diesel fuel purchased from and invoiced by the seller, and~~
13 ~~tax-paid diesel fuel removed from a terminal or entered into by a~~
14 ~~supplier, prior to the date specified in subdivision (a) and in transit~~
15 ~~on that date.~~

16 ~~(4) “Wholesaler” means any person who sells diesel fuel in this~~
17 ~~state for resale to a retailer or to a person who is not a retailer and~~
18 ~~subsequently uses the diesel fuel.~~

19 ~~SEC. 10. Section 60201.4 is added to the Revenue and Taxation~~
20 ~~Code, to read:~~

21 ~~60201.4. On or before the 121st day after the effective date of~~
22 ~~the act adding this section, each person subject to the storage tax~~
23 ~~imposed under Section 60050.2 shall prepare and file with the~~
24 ~~board, in a form prescribed by the board, a return showing the total~~
25 ~~number of gallons of tax-paid diesel fuel owned by the person on~~
26 ~~the 61st day after the effective date of the act adding this section,~~
27 ~~the amount of the storage tax, and any other information that the~~
28 ~~board deems necessary for the proper administration of this part.~~
29 ~~The return shall be accompanied by a remittance payable to the~~
30 ~~Controller in the amount of tax due.~~

31 ~~SEC. 11.~~

32 ~~SEC. 9. Article 8 (commencing with Section 228) is added to~~
33 ~~Chapter 1 of Division 1 of the Streets and Highways Code, to read:~~

34
35 Article 8. Road Access Charge

36
37 228. (a) In addition to any other charge imposed on a vehicle
38 by law, an annual road access charge is hereby imposed on each
39 vehicle described in subdivision (c). The amount of the annual
40 road access charge shall be thirty-five dollars (\$35). The

1 Department of Motor Vehicles shall collect the charge at the same
2 time and in the same manner as the department collects the vehicle
3 registration fee pursuant to Section 9250.3 of the Vehicle Code.

4 (b) Revenues from the charge, after deduction of the
5 department's administrative costs related to this section, shall be
6 deposited in the Road Maintenance and Rehabilitation Account
7 created pursuant to Section 2031.

8 (c) As used in this section, "vehicle" means every vehicle subject
9 to registration in this state. "Vehicle" does not mean either any
10 vehicle exempted pursuant to the Vehicle Code from the payment
11 of registration fees or any vehicle for which a certificate of
12 nonoperation has been filed with the Department of Motor Vehicles
13 pursuant to Section 4604 of the Vehicle Code during the period
14 of time covered by the certificate.

15 ~~SEC. 12.~~

16 *SEC. 10.* Chapter 2 (commencing with Section 2030) is added
17 to Division 3 of the Streets and Highways Code, to read:

18
19 CHAPTER 2. ROAD MAINTENANCE AND REHABILITATION
20 PROGRAM
21

22 2030. (a) The Road Maintenance and Rehabilitation Program
23 is hereby created to address deferred maintenance on the state
24 highway system and the local street and road system. Funds made
25 available by the program shall be prioritized for expenditure on
26 basic road maintenance and road rehabilitation projects, and on
27 critical safety projects. The California Transportation Commission
28 shall adopt performance criteria *pursuant to subdivision (b) of*
29 *Section 2033* to ensure efficient use of the funds available pursuant
30 to this chapter for the program.

31 (b) Funds made available by the program shall be used for
32 projects that include, but are not limited to, the following:

- 33 (1) Road maintenance and rehabilitation.
34 (2) Safety projects.
35 (3) Railroad grade separations.
36 (4) Active transportation and pedestrian and bicycle safety
37 projects in conjunction with any other allowable project.
38 (5) *Wildlife crossings.*

39 (c) To the extent possible, the department and cities and counties
40 receiving an apportionment of funds under the program shall use

1 advanced technologies and material recycling techniques that
2 reduce the cost of maintaining and rehabilitating the streets and
3 highways.

4 2031. The following revenues shall be deposited in the Road
5 Maintenance and Rehabilitation Account, which is hereby created
6 in the State Transportation Fund:

7 (a) ~~(1)~~—The revenues attributable to the increase in the motor
8 vehicle fuel excise tax by twelve cents (\$0.12) per gallon pursuant
9 to subdivision (a) of Section 7360 of the Revenue and Taxation
10 Code, as adjusted pursuant to subdivision (c) of that section, and
11 the revenues attributable to ten cents (\$0.10) per gallon of the
12 increase in the diesel fuel excise tax by twenty-two cents (\$0.22)
13 per gallon, pursuant to subdivision (b) of Section 60050 of the
14 Revenue and Taxation Code, as adjusted pursuant to subdivision
15 (c) of that section, as provided in subdivision (a) of Section 2103.1.

16 ~~(2) The revenues attributable to the storage tax imposed pursuant~~
17 ~~to Section 7361.2 of the Revenue and Taxation Code and the~~
18 ~~revenues attributable to ten cents (\$0.10) of the storage tax per~~
19 ~~gallon of tax-paid diesel fuel imposed by Section 60050.2 of the~~
20 ~~Revenue and Taxation Code, as provided in subdivision (b) of~~
21 ~~Section 2103.1.~~

22 (b) The revenues from the increase in the vehicle registration
23 fee pursuant to Section 9250.3 of the Vehicle Code.

24 (c) The revenues from the increase in the vehicle registration
25 fee pursuant to Section 9250.6 of the Vehicle Code.

26 (d) The revenues from the road access charge imposed pursuant
27 to Section 228.

28 (e) The revenues from repayment of loans made from the State
29 Highway Account, the Motor Vehicle Fuel Account, the Highway
30 Users Tax Account, and the Motor Vehicle Account to the General
31 Fund, pursuant to the schedule set forth in Section 16321 of the
32 Government Code.

33 (f) Any other revenues designated for the program.

34 2031.5. Each fiscal year the annual Budget Act shall contain
35 an appropriation from the Road Maintenance and Rehabilitation
36 Account to the Controller for the costs of carrying out his or her
37 duties pursuant to this chapter and to the California Transportation
38 Commission for the costs of carrying out its duties pursuant to this
39 chapter and Sections 14526.7 and 14526.8 of the Government
40 Code.

2032. (a) After deducting the amounts appropriated in the annual Budget Act as provided in Section 2031.5, 5 percent of the remaining revenues deposited in the Road Maintenance and Rehabilitation Account shall be set aside for counties in which voters approve, on or after July 1, 2015, a transactions and use tax for transportation purposes, and which counties did not, prior to that approval, impose a transactions and use tax for those purposes. The funds available under this subdivision in each fiscal year are hereby continuously appropriated for allocation to each eligible county and each city in the county for road maintenance and rehabilitation purposes pursuant to Section 2035. However, funds remaining unallocated under this subdivision in any fiscal year shall be reallocated on the last day of the fiscal year pursuant to subdivision (b).

(b) The balance of the revenues deposited in the Road Maintenance and Rehabilitation Account, including the revenues reallocated for the purposes of this subdivision pursuant to subdivision (a), are hereby continuously appropriated as follows:

(1) Fifty percent for allocation to the department for maintenance of the state highway ~~system or system~~, for purposes of the state highway operation and protection ~~program~~, *program, or for other eligible purposes pursuant to Section 2030.*

(2) Fifty percent for apportionment to cities and counties by the Controller pursuant to the formula in subparagraph (C) of paragraph (3) of subdivision (a) of Section 2103 for the purposes authorized by this chapter, subject to subdivision ~~(d)~~ (e) of Section 2033 and paragraph (2) of subdivision (a) of Section 2034.

2033. (a) The commission shall annually evaluate each city and county receiving funds pursuant to this chapter.

(b) *In addition, the commission shall adopt performance criteria related to highway performance goals, greenhouse gas emissions, social equity impacts, and public health impacts. These criteria may include, but are not limited to, the following:*

(1) *Pavement condition, such as the Pavement Condition Index.*

(2) *Bridge condition, such as the state's Bridge Health Index.*

(3) *Maintenance level of service, such as litter removal and graffiti abatement.*

(4) *Greenhouse gas emissions, including those resulting from induced demand, and biological emissions.*

1 (5) *Measures of mobility benefits to transit, bicycles, and*
2 *pedestrians.*

3 (6) *Quantification of the public health and safety, economic,*
4 *and environmental cobenefits.*

5 ~~(b)~~

6 (c) For each fiscal year in which the department receives an
7 allocation of funds pursuant to Section 2032, the department shall
8 submit documentation to the commission that includes a description
9 and the location of each completed project, the amount of funds
10 expended on the project, the completion date, and the project's
11 estimated useful life. The commission shall evaluate the
12 documentation to determine the effectiveness of the department
13 in reducing deferred maintenance and improving ~~road~~ roadway
14 conditions on the state highway ~~system~~, *system as well as meeting*
15 *the performance criteria adopted pursuant to subdivision (b)*, and
16 may withhold future funding from the department if it determines
17 that program funds have not been appropriately spent.

18 ~~(e)~~

19 (d) For each fiscal year in which a city or county receives an
20 apportionment of funds pursuant to subdivision (a) or paragraph
21 (2) of subdivision (b) of Section 2032, the commission shall
22 evaluate the documentation submitted pursuant to subdivision (b)
23 of Section 2034 to determine the effectiveness of the city or county
24 in reducing deferred maintenance and improving ~~road~~ roadway
25 conditions *on highways within its jurisdiction*, ~~jurisdiction as well~~
26 *as meeting the performance criteria adopted pursuant to*
27 *subdivision (b).*

28 ~~(d)~~

29 (e) If the commission determines, with respect to any given
30 fiscal year, that a city or county has not appropriately spent its
31 apportionment of funds, the commission shall direct the Controller
32 to make that city or county ineligible to receive an apportionment
33 during the next fiscal year. The Controller shall reapportion that
34 city's or county's share of funds to all other eligible cities or
35 counties pursuant to paragraph (2) of subdivision (b) of Section
36 2032.

37 ~~(e)~~

38 (f) The commission shall include a discussion of its evaluations
39 pursuant to this section in its annual report to the Legislature
40 pursuant to Section 14535 of the Government Code.

(g) As used in this section, “highways” includes streets and roads.

2034. (a) (1) Prior to receiving an apportionment of funds under the program pursuant to paragraph (2) of subdivision (b) of Section 2032 from the Controller in a fiscal year, an eligible city or county shall submit to the commission a list of projects proposed to be funded with these funds pursuant to an adopted city or county budget. All projects proposed to receive funding shall be included in a city or county budget that is adopted by the applicable city council or county board of supervisors at a regular public meeting. The list of projects proposed to be funded with these funds shall include a description and the location of each proposed project, a proposed schedule for the project’s completion, and the estimated useful life of the improvement. The project list shall not limit the flexibility of an eligible city or county to fund projects in accordance with local needs and priorities so long as the projects are consistent with subdivision (d).

(2) The commission shall report to the Controller the cities and counties that have submitted a list of projects as described in this subdivision and that are therefore eligible to receive an apportionment of funds under the program for the applicable fiscal year. The Controller, upon receipt of the report, shall apportion funds to eligible cities and counties.

(b) For each fiscal year, each city or county receiving an apportionment of funds shall, upon expending program funds, submit documentation to the commission that includes a description and location of each completed project, the amount of funds expended on the project, the completion date, ~~and the estimated useful life of the improvement.~~ *improvement, and a description of how the project contributes to meeting the performance criteria adopted pursuant to subdivision (b) of Section 2033.* The documentation shall also include a comparison of the projects the city or county would have completed without receiving funds under the program compared with the projects completed with these funds.

(c) The documentation provided pursuant to subdivision (b) shall be forwarded by the commission to the department, in a manner and form approved by the department, at the end of each fiscal year as long as program funds remain available for

1 expenditure. The department may post the information contained
2 in the documentation on its Internet Web site.

3 (d) (1) Funds made available to a city or county under the
4 program shall be used for improvements to transportation facilities
5 that will assist in reducing further deterioration of the existing road
6 system. These improvements may include, but need not be limited
7 to, pavement maintenance, rehabilitation, installation, construction,
8 and reconstruction of necessary associated facilities such as
9 drainage and traffic control devices, or safety projects to reduce
10 fatalities.

11 (2) Funds made available under the program may also be used
12 for the following purposes:

13 (A) To satisfy the local match requirement in order to obtain
14 state or federal transportation funds for similar purposes.

15 (B) Active transportation and pedestrian and bicycle safety
16 projects in conjunction with any other allowable project.

17 (C) *Other eligible purposes consistent with Section 2030.*

18 2035. (a) On or before July 1, 2016, the commission, in
19 cooperation with the department, transportation planning agencies,
20 county transportation commissions, and other local agencies, shall
21 develop guidelines for the allocation of funds pursuant to
22 subdivision (a) of Section 2032.

23 (b) The guidelines shall be the complete and full statement of
24 the policy, standards, and criteria that the commission intends to
25 use to determine how these funds will be allocated.

26 (c) The commission may amend the adopted guidelines after
27 conducting at least one public hearing.

28 2036. (a) Cities and counties shall maintain their existing
29 commitment of local funds for street, road, and highway purposes
30 in order to remain eligible for an allocation or apportionment of
31 funds pursuant to Section 2032.

32 (b) In order to receive an allocation or apportionment pursuant
33 to Section 2032, the city or county shall annually expend from its
34 general fund for street, road, and highway purposes an amount not
35 less than the annual average of its expenditures from its general
36 fund during the 2009–10, 2010–11, and 2011–12 fiscal years, as
37 reported to the Controller pursuant to Section 2151. For purposes
38 of this subdivision, in calculating a city's or county's annual
39 general fund expenditures and its average general fund expenditures
40 for the 2009–10, 2010–11, and 2011–12 fiscal years, any

1 unrestricted funds that the city or county may expend at its
2 discretion, including vehicle in-lieu tax revenues and revenues
3 from fines and forfeitures, expended for street, road, and highway
4 purposes shall be considered expenditures from the General Fund.
5 One-time allocations that have been expended for street and
6 highway purposes, but which may not be available on an ongoing
7 basis, including revenue provided under the Teeter Plan Bond Law
8 of 1994 (Chapter 6.6 (commencing with Section 54773) of Part 1
9 of Division 2 of Title 5 of the Government Code), may not be
10 considered when calculating a city's or county's annual general
11 fund expenditures.

12 (c) For any city incorporated after July 1, 2009, the Controller
13 shall calculate an annual average of expenditure for the period
14 between July 1, 2009, and December 31, 2015, inclusive, that the
15 city was incorporated.

16 (d) For purposes of subdivision (b), the Controller may request
17 fiscal data from cities and counties in addition to data provided
18 pursuant to Section 2151, for the 2009–10, 2010–11, and 2011–12
19 fiscal years. Each city and county shall furnish the data to the
20 Controller not later than 120 days after receiving the request. The
21 Controller may withhold payment to cities and counties that do
22 not comply with the request for information or that provide
23 incomplete data.

24 (e) The Controller may perform audits to ensure compliance
25 with subdivision (b) when deemed necessary. Any city or county
26 that has not complied with subdivision (b) shall reimburse the state
27 for the funds it received during that fiscal year. Any funds withheld
28 or returned as a result of a failure to comply with subdivision (b)
29 shall be reapportioned to the other counties and cities whose
30 expenditures are in compliance.

31 (f) If a city or county fails to comply with the requirements of
32 subdivision (b) in a particular fiscal year, the city or county may
33 expend during that fiscal year and the following fiscal year a total
34 amount that is not less than the total amount required to be
35 expended for those fiscal years for purposes of complying with
36 subdivision (b).

37 2037. A city or county may spend its apportionment of funds
38 under the program on transportation priorities other than those
39 allowable pursuant to this chapter if the city's or county's average
40 Pavement Condition Index meets or exceeds 85.

1 ~~SEC. 13.~~

2 ~~SEC. 11.~~ Section 2103.1 is added to the Streets and Highways
3 Code, to read:

4 2103.1. (a) ~~Notwithstanding subdivision (b) of Section 2103,~~
5 the portion of the revenues in the Highway Users Tax Account
6 attributable to the increase in the tax rate on motor vehicle fuel by
7 twelve cents (\$0.12) per gallon pursuant to subdivision (a) of
8 Section 7360 of the Revenue and Taxation Code, as adjusted
9 pursuant to subdivision (c) of that section, and the increase in the
10 tax rate on diesel fuel by twenty-two cents (\$0.22) per gallon
11 pursuant to subdivision (b) of Section 60050 of the Revenue and
12 Taxation Code, as adjusted pursuant to subdivision (c) of that
13 section, shall be deposited in the Road Maintenance and
14 Rehabilitation Account created pursuant to Section 2031, except
15 that the portion of the revenues attributable to twelve cents (\$0.12)
16 of that increase in the per gallon tax rate on diesel fuel, as adjusted,
17 shall be deposited in the Trade Corridors Improvement Fund for
18 expenditure pursuant to Section 2192.

19 ~~(b) The portion of the revenues in the Highway Users Tax~~
20 ~~Account attributable to the storage tax imposed pursuant to Section~~
21 ~~7361.2 of the Revenue and Taxation Code and the storage tax~~
22 ~~imposed pursuant to Section 60050.2 of the Revenue and Taxation~~
23 ~~Code shall be deposited in the Road Maintenance and~~
24 ~~Rehabilitation Account created pursuant to Section 2031, except~~
25 ~~that the portion of the revenues attributable to twelve cents (\$0.12)~~
26 ~~of the storage tax per gallon of tax-paid diesel fuel imposed by~~
27 ~~Section 60050.2 of the Revenue and Taxation Code shall be~~
28 ~~deposited in the Trade Corridors Improvement Fund for~~
29 ~~expenditure pursuant to Section 2192.~~

30 ~~SEC. 14.~~

31 ~~SEC. 12.~~ Section 9250.3 is added to the Vehicle Code, to read:

32 9250.3. (a) In addition to any other fees specified in this code,
33 the Revenue and Taxation Code, or the Streets and Highways
34 Code, commencing 120 days after the effective date of the act
35 adding this section, a registration fee of thirty-five dollars (\$35)
36 shall be paid to the department for registration or renewal of
37 registration of every vehicle subject to registration under this code,
38 except those vehicles that are expressly exempted under this code
39 from payment of registration fees.

1 (b) Revenues from the fee, after deduction of the department's
2 administrative costs related to this section, shall be deposited in
3 the Road Maintenance and Rehabilitation Account created pursuant
4 to Section 2031 of the Streets and Highways Code.

5 ~~SEC. 15.~~

6 *SEC. 13.* Section 9250.6 is added to the Vehicle Code, to read:

7 9250.6. (a) In addition to any other fees specified in this code,
8 the Revenue and Taxation Code, or the Streets and Highways
9 Code, commencing 120 days after the effective date of the act
10 adding this section, a registration fee of one hundred dollars (\$100)
11 shall be paid to the department for registration or renewal of
12 registration of every zero-emission motor vehicle subject to
13 registration under this code, except those motor vehicles that are
14 expressly exempted under this code from payment of registration
15 fees.

16 (b) Revenues from the fee, after deduction of the department's
17 administrative costs related to this section, shall be deposited in
18 the Road Maintenance and Rehabilitation Account created pursuant
19 to Section 2031 of the Streets and Highways Code.

20 (c) This section does not apply to a commercial motor vehicle
21 subject to Section 9400.1.

22 (d) For purposes of this section, "zero-emission motor vehicle"
23 means a motor vehicle as described in subdivisions (c) and (d) of
24 Section 44258 of the Health and Safety Code, or any other motor
25 vehicle that is able to operate on any fuel other than gasoline or
26 diesel fuel.

27 ~~SEC. 16.~~

28 *SEC. 14.* This act is an urgency statute necessary for the
29 immediate preservation of the public peace, health, or safety within
30 the meaning of Article IV of the Constitution and shall go into
31 immediate effect. The facts constituting the necessity are:

32 In order to provide additional funding for road maintenance and
33 rehabilitation purposes as quickly as possible, it is necessary for
34 this act to take effect immediately.

O